



News Release

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SBA Hurricane Loans Reach \$1 Billion; Approvals Averaging Over \$32 Million Per Day

WASHINGTON – A billion dollars in U.S. Small Business Administration disaster assistance loans have been approved for more than 14,200 residents and business owners in the Gulf Coast region to repair or rebuild properties damaged by Hurricanes Katrina, Rita and Wilma.

“Loans are now being approved at an average rate of \$32.5 million a day,” said SBA Administrator Hector V. Barreto. “SBA’s disaster office is approving disaster loans as quickly as possible, while maintaining our responsibility to the taxpayer. We have delivered an unprecedented response to an unprecedented disaster, and despite the substantial hurdles facing both the SBA and the residents of Louisiana, Mississippi, Texas and Florida, we are matching the loan efforts made in response to previous disasters.

“Following the Northridge Earthquake in 1994, we approved a billion dollars in loans within 90 days,” Barreto said. “In just 94 days, following the Gulf Coast hurricanes, we have reached a billion dollars in loan approvals despite receiving far more loan applications this time – more than we’ve received for any other disaster in the history of the agency. We are working diligently to get funds into the hands of those who need it most, and increasing our response capacity and loan approvals at a steady rate.”

Barreto noted that only three previous disasters in history led to more than \$1 billion in SBA loans: the Northridge earthquake in 1994; the Sept. 11, 2001, terrorist attacks, and the multiple hurricanes that struck Florida last year.

This year’s catastrophic hurricanes left a disaster area the size of Great Britain. Nearly 250,000 people were displaced to locations in all 50 states; more than 200,000 homes were destroyed and another 45,000 are unlivable. Of the 190,000 small businesses in Louisiana, about 81,000 have been impacted.

“The SBA’s Office of Disaster Assistance has grown from 880 staff before Katrina struck to more than 4,200 today,” Barreto said. “More than two-thirds of SBA’s 6,346 employees are working seven days a week to handle the demand for loans. We are committed to doing whatever it takes to make sure every person who needs and qualifies for help, gets it quickly.”

The SBA has taken a number of steps to ease the process, expand loan-processing capacity and provide other sources of capital for small businesses:

(more)

- The agency has launched an effort to quickly put cash in the hands of small businesses in the affected areas through the GO Loans program. It allows SBA commercial lenders to make SBA-guaranteed working capital loans of up to \$150,000 more quickly than through the disaster loan program. SBA can deliver a response to a request for a GO Loan guaranty in 24 hours or less (<http://www.sba.gov/news/05-68.pdf>). Other SBA loan programs are available, as well.
- The agency is continuing to expand its computerized loan-processing capacity, enhancing a system that already contains more than 292,000 applications in the system. More than 86,260 have been processed, more than double the number of loans processed for the Hurricane Andrew disaster in 1992.
- The agency has simplified documentation requirements (<http://www.sba.gov/news/05-60-SBA-Simplifies-Requirements.pdf>) and streamlined processing of business loan requests under \$100,000 (http://www.sba.gov/news/05-61_SBA_Expedites_Processing_of_Business_Disaster_Loans.pdf)
- The SBA has established a pilot program with the Internal Revenue Service to provide tax transcripts electronically at the rate of 5,000 per day, helping loan applicants replace financial records that may have been lost in the storms.
- The SBA has provided 12-month loan deferments on SBA loans to businesses in the disaster areas and urged private lenders to offer similar relief on SBA-backed loans in their portfolios (http://www.sba.gov/news/05-59_Loan_Deferments.pdf).
- The agency has asked the lending community to provide volunteers to serve as temporary government employees to help process business disaster loans through the “Give a Lending Hand” initiative (<http://www.sba.gov/news/05-65-Give-a-Lending-Hand.pdf>).

For more information about the SBA’s Disaster Assistance loan programs, visit the SBA Web site at http://www.sba.gov/disaster_recov/hurricanes/.

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